

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7149

BILL NUMBER: SB 475

DATE PREPARED: Mar 5, 2001

BILL AMENDED: Feb 22, 2001

SUBJECT: Unclaimed Property.

FISCAL ANALYST: John Parkey

PHONE NUMBER: 232-9854

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: (Amended) This bill provides that the unclaimed property law does not apply to a business credit memorandum or a credit balance resulting from a business to business credit memorandum.

Effective Date: July 1, 2001.

Explanation of State Expenditures:

Explanation of State Revenues: (Revised) The bill will decrease state revenue in so far as it excludes business credit memorandums and certain business credit balances from the unclaimed property law. It is estimated that this proposal could reduce the amount of unclaimed intangible property *managed* by the state by approximately \$90,000 each year.

Background: Intangible property held by businesses or financial institutions is presumed abandoned seven years after the last owner contact and is subsequently remitted to the Office of the Attorney General. All funds received are placed in the *Abandoned Property Fund*. A claimant can recover the value of the property for up to 25 years. Whenever the balance of the principal of the *Abandoned Property Fund* exceeds \$500,000, the excess is transferred to the *Common School Fund*. Each year, the interest balance in the *Abandoned Property Fund* is transferred to the *State General Fund*. At the end of FY 2000, the balance of the *Abandoned Property Fund* was \$28.1 M. In FY 2000, approximately \$18.0 M in unclaimed property was collected and \$2.6 M was paid out. During FY 2000, approximately \$ 26.6 M was transferred from the *Abandoned Property Fund* to the *Common School Fund*. Any interest *earned* on unclaimed property is deposited into the *General Fund*.

Based on a query of computer files by the Unclaimed Property Division of the Attorney General's Office, it is estimated that the *total value* of these types of credit memorandums and credit balances that have been assigned as unclaimed property over the past 25 years is approximately \$2.2 M, excluding the value of any

such property that has been claimed. (It should be noted that due to data retrieval limitations, this value is an **estimate**.) Assuming that \$2.2 M accurately reflects the amount of affected property that will remain unclaimed, it is estimated that this proposal could reduce the amount of unclaimed intangible property *managed* by the state by approximately \$90,000 each year.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Attorney General's Office.

Local Agencies Affected:

Information Sources: Susan Armstrong, Director, Unclaimed Property Division, Attorney General's Office, 232-6348.